

New Democrat Coalition

Rep. Joseph Crowley, Chair
Rep. Melissa Bean, Vice-Chair
Rep. Ron Kind, Vice-Chair
Rep. Allyson Schwartz, Vice-Chair
Rep. Adam Smith, Vice-Chair

July 10, 2009

Speaker Nancy Pelosi
H-232, The Capitol
Washington, DC 20515

Majority Leader Steny Hoyer
H-107, The Capitol
Washington D.C. 20515

Dear Speaker Pelosi and Majority Leader Hoyer:

As members of the New Democrat Coalition, we are writing to continue our dialogue with House Leadership and the committees of jurisdiction on health care reform. New Democrats are committed to working with you to enact comprehensive health care reform this year that will lower costs, improve the quality of care, and increase access and the stability of coverage for every American family and business. We appreciate the work of House Leadership and the committees of jurisdiction on this issue by introducing initial draft reform legislation and holding hearings in the committees. Below is our feedback on the draft and important areas that we believe need to be addressed moving forward.

Coverage Reform

New Democrats understand that without reform to our health care system, costs will continue to rise until the average American can no longer afford to pay his or her premiums and more and more businesses will be unable to offer coverage to their employees. As we look to expand coverage to millions of uninsured Americans, we must also protect the average American's ability to choose the most appropriate treatment options and coverage to meet their needs. To do this, we must require that any public health insurance option, if one is created, compete under a "level playing field" with the private health insurance market. We appreciate that the tri-committee discussion draft defines a "level playing field" in a way that is consistent with many of the New Democrat Coalition's principles for a public option. Particularly, we are pleased to see that the draft does not include provisions that would compel Medicare providers to participate in a public option and we urge the Committees to avoid including any such provisions as we move forward. We remain concerned, however, that the draft includes language that would set reimbursement rates for providers and hospitals based on Medicare and we want to reiterate our stance that a "level playing field" should not set reimbursement using a Medicare formula. Any public option that reimburses providers based on Medicare will ultimately undermine the ability of patients to receive their choice of care.

As we expand coverage in health reform legislation, we also believe it is critical to make needed improvements in current coverage. For this reason, we were excited to learn of President Obama and the American Association of Retired Persons' (AARP) endorsement of plans to include language in health reform legislation to provide a 50 percent discount to most Medicare beneficiaries on brand-name medicines when purchased in the coverage gap, or "doughnut hole." Closing the doughnut hole has been

a priority since enactment of the Part D drug benefit, and research has shown that such gaps in coverage have led seniors to go without needed medicines – resulting in delayed care and, in turn, worse health outcomes. While the tri-committee draft takes steps to phase out this gap in coverage over time, it does so over a period of at least 10 years, and is achieved and is achieved by introducing the Medicaid drug rebate into Medicare Part D for so-called dual eligible beneficiaries and the low-income subsidy population. Helping to fill the doughnut hole with industry discounts will move us toward the goal of improving access to affordable coverage and we support including this proposal in the House health reform package. We stand ready to continue working with you and President Obama to secure further savings from the health care sector so that health care reform does not add to our nation's budget deficit.

We agree with you that it is important to share in the responsibility to improve the quality of our system, stabilize costs, and expand access. However, we have to do so without overburdening our small businesses, which are the backbone of our economy and currently account for approximately 80% of net new jobs created. As President Obama stated in his letter on June 2 to Senators Baucus and Kennedy, “while I believe that employers have a responsibility to support health insurance for their employees, small businesses face a number of special challenges in affording health benefits and should be exempted.” We appreciate that the tri-committee discussion draft contains placeholder language for an exemption for certain small businesses and we urge you to include measures in the final version of the legislation that takes into account the needs of this critical segment of our economy. Furthermore, we were pleased small business tax credits were included in the discussion draft to help them defray the costs of providing coverage to their employees and we want to make sure that these tax credits are structured in a way that maximizes their impact on small businesses.

Delivery System Reform and Cost Containment

Ultimately, if we want to stabilize costs for American families, businesses, and the government, we must reform our delivery system to reimburse based on quality, and not the quantity of care. That is why we support your efforts to provide better coordinated care through Accountable Care Organizations and “medical homes” for chronically ill patients. In order to realize our full potential to improve quality and efficiency in health care, we need to take additional steps to reform the marketplace to incentivize outcomes-based medicine. One example of this type of legislation is H.R. 1776, the Quality FIRST Act, introduced by Representative Jason Altmire. This legislation, which has been endorsed by the New Dem Health Care Task Force, will help realign the incentives of our delivery system by implementing value based purchasing for hospitals. We must also place additional emphasis on realigning our system towards primary care and ensuring a viable healthcare workforce to meet the demands of our aging population.

New Democrats are also dedicated to empowering doctors, nurses and patients to make the most informed decisions regarding their health care treatment by increasing access to cutting-edge research on the most effective practices. While we applaud the Committees' draft legislation for including language to support this research, we believe that the language should be tailored to support an independent, public-private structure to ensure

its objectivity and broad buy-in from the patient and provider communities. This framework is supported by the Medicare Payment Advisory Commission (MedPAC), which in its June 2007 report recommended the creation of "an independent entity to sponsor credible research on comparative effectiveness of health care services." The Commission went on to say it "prefers a public-private option to reflect the benefits to all payers and patients." While comparative effectiveness research will improve quality and, ultimately, lower overall health care costs, additional safeguards also must be part of the legislation to focus research on clinical questions, rather than on cost concerns, that matter to patients and providers. Any new legislative framework for this research should preserve the ability of physicians to tailor the information to the needs of the individual patient. H.R. 2502, introduced by Representative Kurt Schrader, is an example of legislation that would substantially increase our investment in quality research and create a program centered on patient and provider needs. The New Democrat Coalition has endorsed this proposal and we urge the Committees to take into account the merits of this legislation in any health reform legislation.

A central tenet of the New Dem philosophy on health care reform is our ability to effectively harness innovation to improve quality and control costs. New Democrats have long been supportive of a pathway towards the creation of low-cost, generic biologic drugs. If executed properly, this policy will ultimately lead to billions of dollars in health care cost savings. We must be careful, however, to strike the appropriate balance between protecting patient safety and creating a timely approval process for generic biologics. For this reason, the New Democrat Coalition has endorsed H.R. 1548, the Pathway for Biosimilars Act, authored by Representatives Eshoo and Inslee. We believe this legislation, which has garnered over 100 cosponsors in the House, will keep patients safe while fostering American innovation. An express endorsement by the House is necessary to demonstrate support for the underlying policy prior to conference negotiations. We are concerned that without a clear position from the House, the final product from the conference committee could reduce the period of data protection under the legislation and upset the balance of procedures for both innovators and generics that will lead to timely resolution of patent disputes. We urge you to include these important provisions in the final version of health reform legislation.

We thank you again for your leadership on the critical issue of health care reform. We look forward to working with you to see our suggestions enacted as part of comprehensive health care reform and we stand firmly committed to continuing to help you develop the roadmap that will allow us to move forward and deliver to all American families and businesses the health care coverage they need.

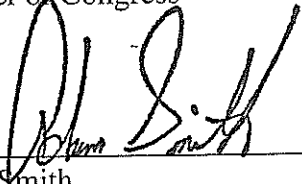
Sincerely,



Joseph Crowley
Member of Congress

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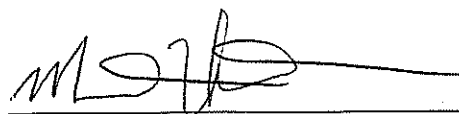
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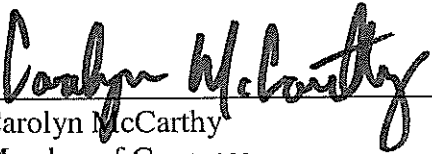
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Cc: Chairman Waxman, House Committee on Energy and Commerce
Chairman Miller, House Committee on Education and Labor
Chairman Rangel, House Committee on Ways and Means